

## Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03  
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15  
STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01  
DOE-11 AF-10 ARA-10 EA-10 EUR-12 NEA-10 OIC-02  
STRE-00 /159 W

-----005440 071721Z /47

R 071518Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC 6864

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PASS STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COUNCIL -- DISC

REF: (A) GENEVA 1668, (B) GENEVA 2581

1. EXISTENCE OF THIS ITEM ON AGENDA IN SAME FORM AS AT PAST COUNCIL MEETINGS INCREASES CHANCES FOR A REPETITION OF PREVIOUS CONFRONTATIONS ON THIS ISSUE. IN ADDITION, EC HAS HAD PROPOSAL ON TABLE FOR OVER FOUR MONTHS DESIGNED TO BREAK IMPASSE (CHAIRMAN STUDY ON DEFINITION OF EXPORTS) WITH RESPECT TO PANEL REPORTS ON TAX PRACTICES MAINTAINED BY FRANCE, NETHERLANDS AND BELGIUM. GATT SECRETARIAT (PATTERSON), COUNCIL CHAIRMAN AND OTHER DELS HAVE APPROACHED US, EXPRESSING CONCERN, AND SEEKING TO AVOID DEBILITATING REPLAY OF PREVIOUS COUNCIL MEETINGS. AS WE HAVE NOTED IN SEVERAL MESSAGES, UNLESS WE ARE PREPARED TO ACCEPT EC PROPOSAL OR TO FIND MEANS OF SIDETRACKING IT PRIOR TO GATT COUNCIL, WE WILL FACE ACRIMON-

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IOUS DEBATE IN WHICH U.S. CAN EXPECT TO BE COMPLETELY ISOLATED. OTHER DELS SEE EC PROPOSAL AS USEFUL MEANS OF ENDING IMPASSE IN COUNCIL AND SEE CONTINUED U.S. INTRANSIGENCE AS WEAKENING THE DISPUTE SETTLEMENT MECHANISM AND CASTING DOUBT ON U.S. SINCERITY IN NEGOTIATIONS AIMED AT IMPROVING THE DISPUTE SETTLEMENT PROCEDURES (SEVERAL IDEAS IN CURRENT U.S. DRAFT MTN UNDERSTANDING ON DISPUTE

SETTLEMENT ARE CONTRADICTED BY U.S. ACTIONS IN COUNCIL  
ON DISC ISSUE).

2. WE CONTINUE TO BELIEVE THAT THE ADMINISTRATION'S  
SUBMISSION OF TAX LEGISLATION CALLING FOR THE PHASE OUT  
OF THE DISC SHOULD HELP US TO RESOLVE THIS ISSUE IN THE  
GATT. OUR RECOMMENDATIONS FOR SEEKING AGREEMENT WITH  
EC ON ARMS LENGTH PRICING ARE CONTAINED IN REF A. WE  
CONTINUE TO URGE WASHINGTON EITHER TO APPROACH EC AT  
HIGH LEVEL OR AUTHORIZE US TO INDICATE TO EC DEL U.S.  
WILLINGNESS TO ENTER INTO BILATERAL DISCUSSIONS AIMED AT  
SEEKING A MUTUALLY SATISFACTORY SOLUTION TO THIS PROBLEM  
WITH THE UNDERSTANDING THAT COUNCIL CHAIRMAN COULD NOTE  
THAT HE HAD BEEN REQUESTED TO DELAY AN OPINION ON EC  
PROPOSAL PENDING THE OUTCOME OF DISCUSSIONS AMONG INTER-  
ESTED PARTIES. UNDER DISC ITEM, USDEL COULD OUTLINE  
ADMINISTRATION'S PROPOSAL ON DISC CONTAINED IN TAX BILL.

3. WE WOULD APPRECIATE EARLY INDICATION OF WASHINGTON'S  
THINKING ON THIS ISSUE SO WE CAN PREPARE GROUNDWORK FOR  
COUNCIL. SORENSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, TAXES, MEETINGS, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978GENEVA03539  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780102-1260  
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**Message ID:** 4dd532cc-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 GENEVA 1668, 78 GENEVA 2581  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3421092  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GATT COUNCIL -- DISC  
**TAGS:** ETRD, GATT  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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